



Draft Water Resources Planning Guidelines: A summary of consultation responses

March 2016

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We reduce the risks to people, properties and businesses from flooding and coastal erosion.

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We can't do this alone. We work with government, local councils, businesses, civil society groups and communities to make our environment a better place for people and wildlife.

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Executive summary

The water resources planning guidelines provides a technical framework for water companies to follow when developing and presenting their water resources management plans (WRMPs).

This document summarises the responses we received to the consultation on the draft Water Resources Planning Guidelines.

In this document we set out what high level changes we may make to address the comments.

Many consultation responses related to areas that will be covered by Government's guiding principles. To address the other key issues raised in the consultation responses we are considering making changes to a number of areas, including:

- To clarify and rename 'process verification'
- To provide more information on submission timetables
- Together with Ofwat provide further information about third party options

We will work on providing further information on links with other plans and projects, including:

- Drought plans
- River Basin Management Plans and Water Framework Directive
- Abstraction reform
- UK Water Industry Research (UKWIR) risk based planning and decision making projects
- Drinking water requirements
- Other related ongoing projects

Following this consultation, the Environment Agency, Ofwat, Natural Resources Wales, Welsh Government and Defra will review all the comments and make changes to the guideline. The new version of the water resources planning guideline will be issued in Spring 2016.

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Introduction

The water resources planning guidelines provides a technical framework for water companies to follow when developing and presenting their water resources management plans (WRMPs).

Previous versions of the guideline have been produced for WRMPs published in 1999, 2004, 2009 and 2014. The Environment Agency has undertaken a comprehensive review of the most recent version of the guidelines, published in 2012. In the same period, Defra launched the Smarter Environmental Regulation Review (SERR).

Taking account of the review of the previous guidelines, and adhering to the SERR process, a new draft guideline was produced for consultation in November 2015. This guideline was produced jointly with Ofwat, Natural Resources Wales, Welsh Government and Defra.

This document summarises the responses we received to the consultation on the draft Water Resources Planning Guidelines. In this document we set out what high level changes we intend to make to address the comments.

Following this consultation, the Environment Agency, Ofwat, Natural Resources Wales, Welsh Government and Defra will review all the comments and make changes to the guideline. We plan to issue the new version of the water resources planning guideline in Spring 2016.

How we ran the consultation

The new guideline is very different to the previous guideline produced in 2012. The main changes are:

- Reduction in length of document to under 30 pages (from around 200 pages)
- Increased flexibility for companies to choose approach methods
- Better clarity of what is required
- Improved links with other plans, especially River Basin Management Plans (RBMP)

The consultation was open to the public, applied to England and Wales, and lasted for 7 weeks. It opened on 17 November 2015 and closed on Friday 8 January 2016. And it can be found on GOV.UK at <https://www.gov.uk/government/consultations/water-resources-management-plans-technical-guidelines-consultation>.

The purpose of the consultation was to seek views on:

- Whether these changes were appropriate and were an improvement
- Technical changes and whether there were any technical issues that had not been covered
- The inclusion of process verification
- Linkages with drought plans and incorporation of resilience planning
- The proposed new water resources planning tables

Summary of key findings and possible changes we will make

We are grateful to everyone who took the time and effort to respond. The responses have been seen in full by the Environment Agency, Ofwat, Natural Resources Wales, Welsh Government and Defra staff dealing with the guideline.

This summary includes responses submitted online through the Gov.UK consultation portal, by post and by email. This summary is a high level overview of the main messages from the consultation responses; it tries to reflect the views offered but, inevitably, it is not possible to describe all the responses in detail.

A total of 39 consultation responses were received. The vast majority of these were organisational responses although we did receive 5 responses from individuals. Of the 39 responses:

- 35 responses were received only on the water resources planning guideline
- 4 responses were received specifically about the water resources planning tables
- 16 responses were made on behalf of water companies in England and Wales

Overall there was widespread support for the new guideline as just under 80% of the responses said the new guidelines were an improvement on the previous version (2012).

Many consultation responses related to areas of government policy. We intend to include relevant government policy when we issue the new version of the water resources planning guideline.

To address the other key issues raised in the consultation responses we are considering making changes to a number of areas, including:

- To clarify and rename 'process verification'
- To provide more information on submission timetables
- Together with Ofwat provide further information about third party options

We will work on providing further information on links with other plans and projects, including:

- Drought plans
- River Basin Management Plans and Water Framework Directive
- Abstraction reform
- UKWIR risk based planning and decision making projects
- Drinking water requirements
- Other related ongoing projects

Summary of responses to questions

The majority of respondents using the template that asked specific questions. However responses covering other areas were added in response to question 1d (is there anything missing) and/or question 10 (asking for any views or comments that have not been covered).

Question 1a: Since the 2012 version we have made substantial changes to the guidelines including reducing the number of pages to less than 40 (compared to over 200 pages in 2012). Do you think the substantial changes that we have made have improved the guidelines since 2012?

Many of the respondents confirmed they felt the new guidelines were an improvement compared to the 2012 version. Comments included:

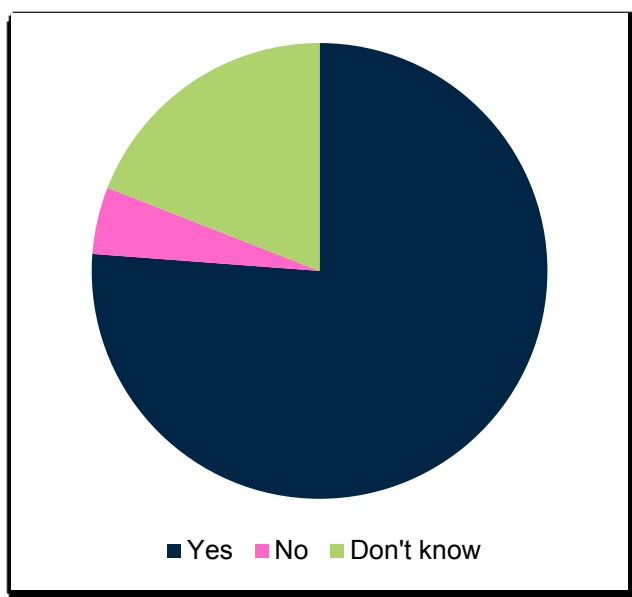
Provides better clarity as it is shorter and more readable.

Allows flexibility in choice of methodology to reflect differences in water resource vulnerability between companies.

Less prescriptive nature allows companies to explore innovation of new methods and embrace change.

Good to show the links with other planning processes such as drought plans and river basin management plans, although more can be done to align them.

The changes are welcome as it provides for a more strategic, resilient and flexible approach to water resources planning.



Some respondents felt they could not comment on the new guideline as they had not seen the previous version. Others highlighted that there was still some outstanding work and the need to see the 'supporting documents', such as the new 'resilience' supporting document, once they were available. References to the latest UKWIR methodologies also need to be added. One respondent commented that the structure still relates to traditional economics of balancing supply and demand (EBS) and is set on a deterministic approach. A concern was noted by one individual who said that the less prescriptive guideline provided an opportunity for 'loopholes' to be exploited.

Question 1b: Do you understand why these changes have been made?

Most of the responses understood the drivers to change were made due to:

- Responses and feedback from water companies.
- Changes in how the Government regulates and provides guidance

Respondents felt the new guidelines will allow water companies more flexibility to choose appropriate methods that suit their circumstances and would produce resilient and robust planning for future challenges. Some indicated that the guideline will help achieve environmental protection. However a few responses highlighted the potential danger of less prescriptive guidance and whether companies may exploit this, weakening regulators and third party challenges. Some respondents were concerned that the supporting manuals referenced in the guidelines may not be ready in time for when they are required.

Question 1c: Do you support the new guideline?

The majority of respondents gave clear support for the new guideline. Comments included how the new guideline was 'well written', 'clear' and now it provides 'flexibility to suit water company situations'. However it should be noted that most respondents provided further comments in the following question which asked whether there was anything missing or whether further guidance is required. Several non-water company responses felt there was an increased risk that water companies may neglect some statutory requirements.



Question 1d: Is there anything missing or does anything require further explanation within the guideline?

Water companies provided the most responses within this section. A number of the items were related to government policies, release of Directions, timelines for submission and links with business plans and RBMPs.

Many respondents called for more information about links with DWI, a full reference list of UKWIR reports, details of how water companies can incorporate findings of the Water UK long term planning framework project more details about the impacts of abstraction reform on supply forecasts.

Many felt there was not enough information about:

- the release of sustainability change information
- how to assess and include no deterioration and the assumptions companies should take about time limited licences and serious damage
- how to assess third party options
- whether companies could appoint an independent verifier
- incorporating RBMP measures

Question 2a: Do you understand what the 'process verification' step is trying to achieve?

The majority of respondents understood what 'process verification' was trying to achieve. This was described by many of the non-water company respondents as a time for water companies to enter into early dialogue and engagement with the Environment Agency and/or Natural Resources Wales, and potentially other organisations, to understand what they are planning to do and reduce the need for future changes. However they felt the label 'process verification' could be changed to clarify its purpose.

Water companies felt this was an important development that meant:

- additional transparency to the process
- problems or issues could be highlighted at an early stage
- discussions about methods could be take place early, so later in the process there is a focus on the outcome of the plan

Several water companies noted that they already undertake this step and have good liaison with Environment Agency and/or Natural Resources Wales teams and advance notice of methods and findings.

One non-water company response felt this process may create loopholes, allowing water companies to exploit certain situations. Many water companies felt it could be improved by allowing formal signoff of methods in advance of the submission of the plan but most of these respondents also acknowledged the reasons why this could not happen.

Question 2b: Do you understand how this will work?

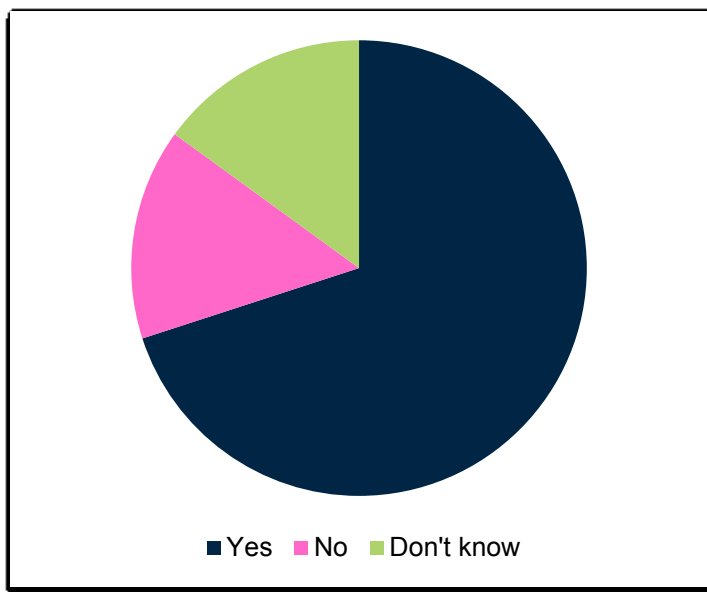
The majority of respondents stated that they understood the new process although some did feel the name could be improved as they felt it might be misinterpreted to mean it was part of the legal process. Respondents wanted clarity to ensure the method statements are flexible and could change as water companies incorporated new methods. One advantage of not having these statements signed off is it allows flexibility for water companies. Several non-water company responses highlighted the need for water companies to involve local stakeholders in the process.

Question 3a: Do you believe all water companies can produce a plausible drought that is worse than what has been experienced in the past 100 years?



There was overall support for testing plans over a range of plausible droughts. Many responses highlighted the recent flooding in the north of England and said that with a changing climate, we can't rely on what we have experienced in recent times.

Most responses from water companies said it would be possible but many felt clear guidance is required and they would need to make investments in new computer models. One company highlighted that any future modelled droughts would be based on existing data and this could be a limitation. Another company highlighted that they had used new methods to generate rainfall patterns and had demonstrated that the results had been calibrated with past experience.



There was a request from some water companies for a reference drought so all water companies could be tested and compared. Additional benefits were cited that each company would understand the implications on potential transfers and how reliable these would be. One company asked for a 'drought library' to be created, that companies could then use to test their systems.

Question 3b: Do you believe new methods need to be developed to allow water companies to undertake this work?

There was an even split between those who felt new methods were needed and those who didn't. Those who said they didn't need new methods cited advances in their own modelling experience and work undertaken for climate change forecasts. However some stated that the current methods are limited and would welcome research in the area. A number of water companies said they would welcome the completion and findings from a number of current projects that include Water UK long term planning framework project, NERC funded MaRius project and UKWIR risk based methods.

Those who felt methods needed to be produced wanted to ensure some consistency between companies. This was raised by both water companies and non-water company respondents. There was some concern expressed about how the results from both current and new methods would be explained to customers and stakeholders.

Question 3c: To achieve this, do you believe water companies will need to invest further in computer modelling?

There was again a mix of responses to this question but most companies said there was scope to use existing modelling but it depended on expectations from customers, regulators and government. This could drive new investment. Several responses highlighted that any new technology introduced needs to be backed up with training for both water companies and for regulators to aid understanding. There was support for regional co-operation and joint modelling to allow pooling of resources. Many water companies felt that they could achieve a range of plausible droughts using existing models.

Question 3d: How do you think such droughts can be explained to customers?

Not everyone submitted a response to this question. Most water company respondents felt they could explain to customers what a plausible range of droughts might be like and the water company's potential response to the drought. They stated that they would use stakeholder

meetings, visuals and in plain English to present their message. Many non water company responses said it was important to make these relative to the customer and not 'blind' people with science. In the same responses they said that the recent floods had suffered from issues about how people understand return periods and that this type of explanation should be avoided. In contrast some companies were in favour of explaining droughts in terms of return periods. Several companies said they would need to ensure their customers understood that the more severe droughts would be 'rare'. One response said that this could be better described as how resilient companies were to events. Several companies said from their experience they would try and describe the droughts related to dry winters or reference years in a way that people could understand.

Question 4a: The new guideline aims to explain how the WRMP links to all other relevant plans such as water company drought plans, business plans and river basin management plans. Do you think the guidelines sufficiently explain those links?

Most respondents felt the new guidelines did have sufficient links with other plans but felt there was room for improvement. Many were encouraged by the new links with drought plans but wanted more clarity about how to achieve this. Several also commented on the links with RBMP but were confused by the timescales and when related information would be released. There were lots of comments related to the WRMP and business plan submission timetables.

Question 4b: Are there any other plans we should link to?

Some respondents mentioned that the guideline should identify links with the following plans:

- Defra's new strategy (published 2016)
- Wastewater plans of water and sewage companies
- Links with Water Resources in the South East and Water Resources East Anglia
- Water company emergency plans

They also suggested links with the following (which are not plans):

- Outputs from WaterUK long term water resources planning project
- Article 7 (relating to waters used for the abstraction of drinking water) of the Water Framework Directive (WFD)

Question 5a: Do you think that the new guidance sufficiently emphasises the need to consider different options for building resilience in your water supply?

Most respondents welcomed the new information but felt more was required from this section and it needed stronger links with Ofwat and the government's position. A number felt resilience had been ill-defined and wanted to understand whether it related just to droughts or wider risks. Many questions were related to the government's position on resilience and some about the funding of options. Several water companies highlighted that how to assess the resilience of proposed options should be made clearer in the options section of the guideline.

Question 5b: Do you understand how long term resilience to droughts can be explained within the WRMP?

Many water companies cited that improved links with drought plans and a clearer explanation of how to test against plausible droughts would help with the explanation and justification of any proposed resilience options.

Overall most water company responses followed the previous question, asking for more clarity on what to define as resilience. Some companies said they would explain this with return periods and others said it will be complex to describe to non-technical people.

Question 5c: Please tell us if there is any further information on resilience you would like to see.

There were a range of comments received about additional information on resilience. These included:

- What timescales resilience options should be planned for
- Requesting government set a reference level of service for all water companies to achieve
- Details and definitions of the technical terms
- Guidance on resilience to a range of different pressures, not just drought
- How companies will be assessed and whether the same criteria will be used to attract funding in business plans

Question 6: This question applies to companies wholly or mainly in England, water trading and solutions being provided by a third party are strongly encouraged in the guideline. Do the guidelines provide enough information on how to include these [third party] options in the planning process?

The majority of respondents felt there was not enough information in the guidelines about third parties providing options for water companies to appraise. Some welcomed the introduction of the text but needed further clarification. The main comments related to:

- The process of identifying third parties
- How companies should scrutinise third party options to ensure a level playing field
- The resilience of third party options and the impact on a company's security of supply
- The lack of detail of what information to release to encourage third party options and what information third parties need to provide
- Whether an independent body should be set up to hold financial information
- Alignment with Ofwat's proposals following the consultation of 'Water 2020: Regulatory framework for wholesale markets and the 2019 price review'

To add to these comments a number of non-water company respondents felt this added a burden and expense to water companies and could not see benefits outweighing the costs and risks. Several mentioned that they felt it could cause a risk to water company security of supply.

Question 7: The guideline provides far more flexibility for companies to decide on how they will find the best solution for the problem they face. Would you like to see any standard requirements included in the guideline to allow comparison between water companies?

Most respondents said they would like standard requirements included. The majority of water companies said that the data tables provided a 'standard' which could be used for comparison and that no other requirements were necessary.

Some water company responses were concerned that this question was related to the introduction of 'league tables'. Others felt that the flexibility of the new guideline meant it would be more difficult to have standard requirements across all companies.

A number of non water company respondents felt a set of key performance indicators and comparison of companies is required.

Question 8: Most water companies will need to complete a strategic environment assessment (SEA). In doing so, environmentally damaging options should be screened out. Do you believe we need to require water companies to make a monetised assessment of the costs and benefits to society and the environment, for all (remaining) feasible solutions?

The majority of respondents felt there was not a need to require monetised environmental and social costs for options because:

- The Strategic Environmental Assessment (SEA) is an adequate mechanism for assessing the environment and social impacts of options
- Monetising costs and benefits is complex and costly to collate
- Some of the new methods do not require monetisation.
- Monetised environmental and social costs rarely influence the final decision as highly environmentally damaging options have usually been screened out.



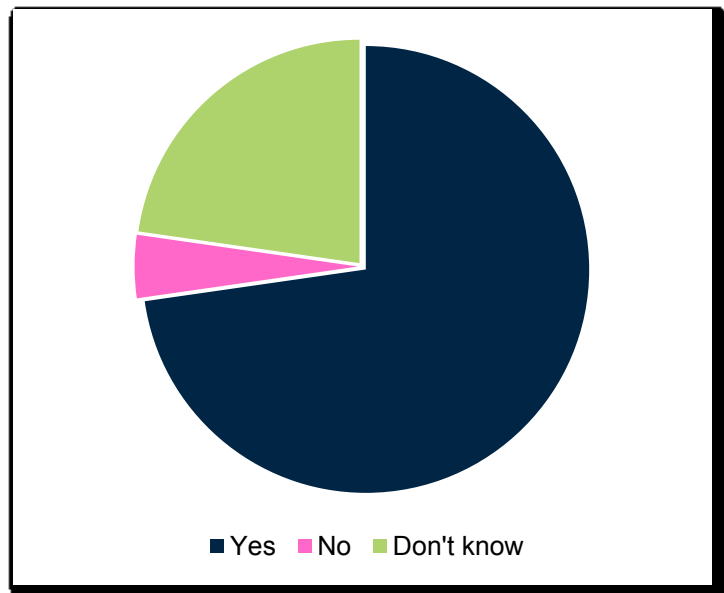
Several non water company respondents felt companies should continue as it helped with transparency and justifying decisions. Others also said it could be extended and used to collect information for PR19 through willingness to pay surveys.

Question 9a: We have made many changes to the water resources planning tables by reducing the amount of data we ask for, simplifying the structure, and removing a lot of the functionality so it is primarily a data gathering template. Do you agree these changes are positive?

There was a majority support for the changes to the planning tables. Most comments welcomed the changes, stating it will be easier to complete, reduce errors, easier to update and better presented.

Some respondents highlighted a concern about how companies using new methods will be able to complete the tables, as they are structured around existing methods.

A number of water companies made specific comments about the new drought links table and felt more guidance was required to complete this. Most of the comments concerned the demand tables and their components. . A question was raised about how resilience options could be presented in the current tables.



Question 9b: Do you think we should require any further information in these tables?

There were a number of suggestions including:

- How to show resilience options

- Changes to the demand table including reducing the information on consumption and metered property types
- Clarification of table 10 (drought links)

Question 10: Please tell us if you have any other views or comments on the guideline that have not been covered by previous questions.

A number of respondents provided further comments on the guideline. They asked for:

- Changes to be made to reflect the outputs of the latest UKWIR projects about decision making and risk based planning methods. This related to the demand and options sections of the guideline.
- Information on government policy.
- Clarity and timescales of when sustainability change information will be provided to water companies.
- Further details on how WRMP can be used to achieve objectives in RBMP as it would strengthen WFD evidence that would support options in the WRMP and business plans.
- More information on catchment management planning.
- A stronger call for water companies to engage with their customers and make the information easier and clearer to aid understanding.
- A timetable for the water resources management plan to be published.
- Inclusion of the Drinking Water Directive requirements and associated sections of the Water Industry Act 1991.
- Consideration of source protection zones and the impact of fracking on groundwater supplies.
- All water companies to consider the need of water for use by the Fire Brigades across the country.
- How the Abstraction Incentive Mechanism (AIM) will work and be accounted for within plans.

Next steps

Following this consultation, the Environment Agency, Ofwat, Natural Resources Wales, Welsh Government and Defra will review all the comments and make changes to the guideline. The new version of the water resources planning guideline will be issued in Spring 2016.

Individuals who wish to follow up their responses, or points made within this document, in more detail are welcome to contact us by email at water-company-plan@environment-agency.gov.uk.

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